

DISPOSAL OF SURPLUS STORES

As per para 1601 of Indian Railways Code for Stores Department all stores which have been previously issued for the services of the Railway and are no longer required on a work should normally be returned to the nominated Stores Depot. As debits are raised to user departments for the materials issued to them by Stores Department, they get credits for the returned stores. It is very important that timely credits are given to returning departments for proper quantity at proper rates. Therefore the accountal system for returned stores is designed in such a manner that proper monitoring is done by returning department, Accounts department as well as Stores department, to ensure that Returned stores are timely and properly accounted in the books of Stores department. The system of documentation described below is to achieve this objective only.

All the returned stores are to be returned by various subordinates on Advice Note for returned stores (form S-1539) which is called "D S-8" on many Railways.

First of all returning subordinate will obtain approval of his controlling officer for returning the stores and then he will prepare Advice Note(D.S.-8) in 6 copies. He will get these advice notes signed by his controlling officer. If he is sending a material declaring it as unserviceable, he should obtain approval of competent authority. The material to be returned will either be booked by Rail to the nominated stores depot or through stores van system.

Returning Of Stores By Subordinates Other Than Workshops :

(a) As mentioned above the **Advice Note for Returned Stores** is to be prepared in 6 copies.

- The returning subordinate will retain one copy (1st copy) with him for his record.
- Out of remaining 5, he will send 3 copies(2nd, 3rd & 4th) to the nominated Stores Depot either along with the material or along with R.R./P.W.Bill, if the material has been dispatched by Rail.
- At the same time he will send one copy (5th) to the Stores Account office of the depot and last copy (6th) to his controlling officer.

- The purpose of these 5th & 6th copies is to give advance information to Stores Accounts Officer and his controlling officer so that they can monitor for getting timely and proper credits for their returned materials. This procedure is explained in subparagraph (b) below.

(b) The controlling officers are required to maintain a [Departmental Register of Advice Notes\(S-1605\)](#) for keeping watch on the accountal of returned stores. As soon as 6th copy of the Advice Note is received from the subordinate, it is entered in this Register (For convenience separate pages in the register may be allotted for each subordinate)

- At this stage, Advice Note is also scrutinized to see that it has been correctly prepared. If some information is found incomplete, further details are added in the Advice Note and then this is forwarded to the Stores Depot for getting credit particulars. Similarly Stores Account Office is also required to maintain an Accounts Register of Advice Notes (S-1622) to see that all the materials returned by various field subordinates are taken into books promptly and properly.

(c) As mentioned in (a) above 3 copies of Advice Note are sent by the returning subordinate to the Stores Depot along with the dispatch details. On receipt of these copies necessary particulars are entered in a register known as Depot Register of Advice Notes (S-1609). This register is also to keep watch on timely receipt of materials and their accountal. If a material is not received within a reasonable time, claim is lodged on the carrier. On receipt of the wagon/material it is weighed and details are entered in a Wagon Weighment Register. Some of the stores depots also maintain field books, in which they enter the details of all the materials, quantity wise, received from a particular wagon. After receipt of the material, they are segregated classification wise and are taken into books by granting a Receipt Order(R.O.) Number.

(d) After granting R.O. Number on all the 4 copies (3 received direct from the returning subordinate and one through his controlling officer) concerned ward of Stores Depot will retain one copy (2nd foil) for his record and

will forward 2 copies(3rd & 4 th foil) to his Stores Account Officer and one copy (6th foil) back to controlling officer of the returning subordinate.

- **Stores Accounts Officer, on receipt of 3rd and 4th foil will pair them with 5th foil, received by him direct from the returning subordinate, and will enter receipt particular as furnished by Stores Depot in 5th copy also. Stores Accounts Office will get the priced ledger posted by sending 4th foil to Electronic Data Processing Center, as per laid down time table. After posting of priced ledger ,4th foil will be brought back and filed in Store Accounts Office.**
- **When the priced ledgers are completely posted for the month, computer will generate Credit summary along with many other Reports. This credit summary is also collected by the staff of Stores Accounts Office and is forwarded to the controlling officer of the returning subordinate along with the 3rd foil of the Advice Note, for accepting the credits. At this time 5th foil of the Advice Note will also be returned to the controlling officer.**

(e) Controlling officer on receipt of 6th foil of Advice Note will examine whether the Stores Depot has granted Credit for correct quantity under correct classification & nomenclature. In case of any discrepancy, he should take up the matter with the Depot Officer and the returning subordinate if the reasons given on the Advice Note are not satisfactory. He should arrange for getting proper credits by way of adjustments. After checking, Credit summary is accepted and discrepancies are adjusted by debiting "Transfer Stores" and crediting the head of account concerned. The controlling officer will file 6th foil in his office and 3rd foil will be filed in the office of his associated account office. The 5th foil will be forwarded to Returning Subordinate for his record.

Returning Of Materials By Workshops : For returning material by workshops subordinates, the procedure is slightly different. Here the advice Note is prepared in 5 copies, out of which one (1st foil)is retained by the subordinate and four copies (2nd to 5th) are sent to Stores Depot along with the material.

- **After receipt and accountal of the material the concerned ward of Stores Depot will retain one copy (2nd foil)and forward 2**

- copies (4th & 5th) to Stores Account office and one copy (3rd foil) to returning subordinate.
- The Stores Accounts Office will get priced ledger posted from 5th foil and file this in their office.
 - 4th foil will be sent to Workshop Accounts Officer along with the credit summary. Returning subordinate on the receipt of 3rd foil will post the details in his record foil(1st copy) and will submit it to his Works Manager who will accept the credit details given by Stores Depot and then forward it to Workshop Accounts Officer for pairing and accepting the credit summary.

Valuation Of Returned Stores :

Valuation Of Non Stock Items : The rate at which credit for returned stores is to be given depends upon whether the material is a Stock Item or a Non-Stock Item and also on their condition. For Non Stock items it is not certain whether they will be required for Railway use or not. Also, no separate book rate is maintained for them. Therefore credit for all Non Stock items, whether new, second hand or serviceable, is granted at approximate scrap rate.

- **As per para 1617 of Stores Code, Non Stock items should not be reclaimed or repaired until a requisition is received for the material.**

Valuation Of Stock Items : For New and Second hand Serviceable items following procedures are adopted ;

(a) Credits for stock items are granted depending upon their stock position in the Depot and their condition. If the item is not overstock, then credit for a new Stock item is granted at full Book Average Rate and at half of this for second hand serviceable materials. However if the depot stock of an item has already been declared as Dead surplus, then credits at scrap rates are given even for new or serviceable Stock items. In case the item being overstock in the Stores Depot, rate of credit to be given may be decided by C.O.S..(On Central Railway, if the stock of an item is more than 18 months' requirement, they give credit at 25% of book average rate for ferrous items and 50% of this rate for non ferrous items, for both new and second hand serviceable materials.

(b) Credit for second hand Rail released from line which could be supplied to new projects or to other Administrations, is worked out by the formula given below:

$$\text{Price per Ton} = R - \frac{R - S}{N/L},$$

where,

R = The present price of the new Rails of the section in question(excluding freight charges)

N = Age of the Rail.

L = The estimated life of the Rail (normally 45 yr.)

D = Scrap value of the Rail (may be taken as 0.3R)

(c) In case of Serviceable plant, stationary boilers and pumps

$$\text{Credit to be given is} = R - \frac{R - S}{L},$$

where R, N, L and S have same meaning as explained in (b) above.

- In case of boiler tubes removed from engine boilers they are credited at scrap rate. But when the tubes have been rumbled the serviceable tubes should be held as second hand stock at half the value of new stores. The difference between the book value of unrumbled tubes, plus the cost of unrumbling and the second hand value of the tubes when taken into stock after rumbling should be credited to Stock Adjustment Account.

Valuation Of Repairable Stock Items :

(a) For items which could be rendered serviceable and made useful for another term of life after another term of life after reconditioning or repairs ,credit is afforded at 1/3 of book rate of new materials for wholly or partly

ferrous items and at 1/2 of book rate of new for non-ferrous items.

(b) The repaired items are taken into books at the book rate of repaired item plus the actual cost of repairs or average cost of repairs ,as convenient No distinction should be made between new and repairable article in the matter of storage and the issue price of these materials should be the same. However the difference (Book average rate for new - (Book rate for repairable + cost of repairs)) should be credited or debited to the appropriate Revenue Head of Account for overcharges and undercharges - manufacture & repairs (B 2129 to C 2138 or C 2327).

Freight On Stores Returned To Stores Depots :

The freight is to be debited to head " Carriage of Revenue Stores " under the various revenue abstracts of the returning departments for the material returned from revenue/maintenance. In case of materials returned from special works the freight should be debited to the estimate of work concerned i.e. Capital, DRF, Revenue as the case may be. If the stores are returned on account of incorrect issue by Stores Department, the freight should be charged to head G 3101.

Engineering Plant Reserve :

An Engineering Plant Reserve may be created on each Railway with the previous sanction of Railway Board, for Storing serviceable and useful plants leftover from special works which are likely to be required for future works. These may be items of construction plant such as Air compressors, Boilers, Concrete Mixers, Cranes, Draggers(crab),Drilling Machines, Engine hammers, Jacks, Lorries, Mortar Mills, Pumps, Stone Crushers, Winches etc. Separate stocks of these items will not be held by Stores Department. For custody Stores Department will be responsible for all material in the Engineering Plant Reserve and should maintain record of their receipts, issues and balances. As regards place, the plants should be stocked at some place close to where it can be overhauled, and therefore it is not necessary that all the materials should be stocked at one place.

- However separate records should be kept for all such items and the materials themselves should be clearly marked and stocked separately so that they do not get mixed up with ordinary stocks.
- Each Machine or piece of Plant should be given a separate number in the following way:

E R XXXXXXXX YYYY ,

where,

E R stands for Engineering plant Reserve.

XXXXXXX stands for Price List No of the plant.

YYYY If there is more than one machine or piece of plant of the same category, this will indicate Machine number. This number may also be individual number given by the manufacturer.

For keeping watch on receipt and issue of each plant, the Depot officer will maintain a "**Reserve Plant Register**". Plants and Machines for the Reserve will also be returned on Advice Note for Returned Stores (S-1539).

Valuation Of Plant :

The valuation of the plant sent to the plant will be fixed by the Controller of Stores in consultation with Chief Engineer. However the formula mentioned in para 11.2.2 (c) above may be used as a guide. If present day price of plant is not readily available, R may be estimated taking the original price as a basis.